Finances Québec

ECONOMIC PLAN IN BRIEF

NOVEMBER 2015 UPDATE

A STRONGER FINANCIAL SITUATION

The *Québec Economic Plan – November 2015 Update* presents the *Public Accounts 2014-2015* results and confirms the government's budgetary objectives for 2015-2016 and subsequent years.

- **A LOWER-THAN-EXPECTED DEFICIT IN 2014-2015**
  For 2014-2015, the budget deficit is $1.1 billion instead of $2.3 billion, due primarily to lower-than-expected spending.
- **A BALANCED BUDGET IN 2015-2016**
  The government's plan to return to a balanced budget in 2015-2016 and maintain it in subsequent years is unchanged.

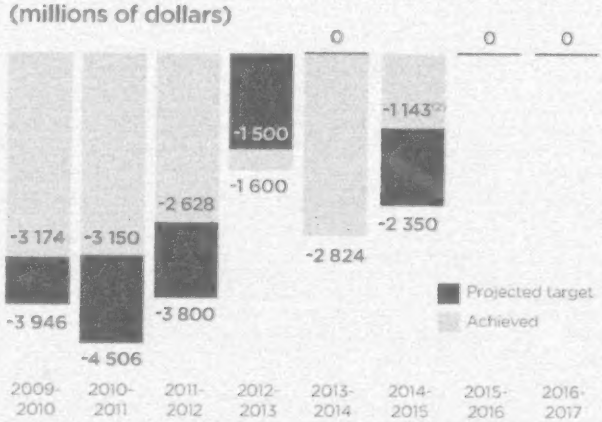
THE GOVERNMENT IS FULFILLING ITS COMMITMENTS

The 2014-2015 deficit was limited to $1.1 billion and consolidated expenditure growth excluding debt service was reduced from 4.7% in 2013-2014 to 1.4% in 2014-2015.

To maintain a balanced budget, consolidated expenditure will rise at a rate slightly below that of consolidated revenue.

- Growth in expenditure excluding debt service will stand at 3.0% and 2.0%, respectively, in 2015-2016 and 2016-2017. For the same two years, revenue will grow by 4.1% and 3.2%, respectively.
- The government is announcing an additional annual investment of $80 million in education.

BUDGETARY BALANCE,(1) 2009-2010 TO 2016-2017 (millions of dollars)



(1) Budgetary balance within the meaning of the *Balanced Budget Act*.
(2) Budgetary balance excluding accounting changes. The budgetary balance including accounting changes totalling $418 million is a deficit of $725 million.

CONTINUATION OF THE GOVERNMENT'S BUDGETARY POLICY DIRECTIONS

The Québec Economic Plan provides for the return to sound, balanced public finances and the establishment of conditions favourable to economic growth and job creation. More specifically, the government's budgetary policy directions provide for:

- the return to a balanced budget as of 2015-2016;
- alignment of spending growth with taxpayers' ability to pay;
- adequate funding of public services;
- maintenance of a high level of public capital investments;
- ongoing debt reduction;
- the reduction of the tax burden.

In 2016-2017, continued spending control will enable the government to reinvest in our priorities, reduce the tax burden on Quebecers and continue taking steps to reduce the debt load. The health contribution will be gradually eliminated as of January 1, 2017.

ECONOMIC GROWTH IS CONTINUING

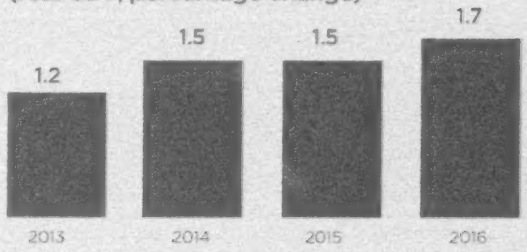
- The economy grew by 1.5% in 2014. The November 2015 Update foresees real GDP growth of 1.5% in 2015 and 1.7% in 2016.
- The economy is sustained by job creation. From May 2014 to October 2015, 58 500 jobs were created, primarily in the private sector (45% of job creation in Canada).

In 2015, economic activity will be driven primarily by household consumption and strong export performance.

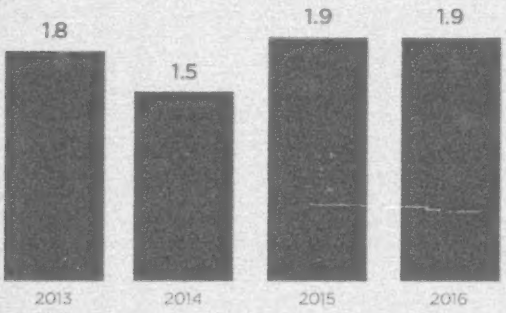
- Consumer spending will remain robust, due to job creation.
- In 2015, the volume of total exports will surpass the peak reached before the 2008-2009 recession.

ECONOMIC GROWTH CONTINUED IN QUÉBEC IN 2015, AT THE SAME RATE AS IN 2014, DESPITE A SLOWDOWN IN MOST OF THE CANADIAN PROVINCES AND THE GLOBAL ECONOMY.

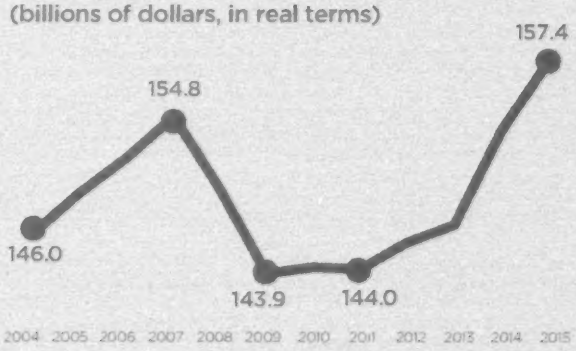
ECONOMIC GROWTH IN QUÉBEC
(real GDP, percentage change)



HOUSEHOLD CONSUMPTION EXPENDITURE IN QUÉBEC
(percentage change, in real terms)



QUÉBEC'S TOTAL EXPORTS
(billions of dollars, in real terms)



THE QUÉBEC ECONOMIC PLAN: A RESPONSE THAT MEETS THE CHALLENGES OF GROWTH

The Québec Economic Plan provides for bold initiatives to meet the challenges of economic growth by acting on its key determinants, namely, increased employment and improved productivity. The initiatives include:

- fostering labour market performance though greater workforce participation in the job market and a better alignment between training and the needs of the labour market;
- stimulating private investment by easing the tax burden on corporations, fostering the development of strategic sectors of the economy and developing Québec's assets, in particular through implementation of the Maritime Strategy and deployment of the Plan Nord;
- ensuring that all communities develop economically and socially;
- strengthening Québec's identity by supporting the development of the cultural sector.

TAKEN TOGETHER, THE MEASURES IN THE QUÉBEC ECONOMIC PLAN REPRESENT SUPPORT OF NEARLY $22 BILLION FOR ECONOMY ACTIVITY.

Increase the incentive to work, by easing the tax burden on individuals.

- **As of 2016: introduction of a tax shield.**
- **As of 2016: enhancement of the tax credit for experienced workers.**
- **As of 2017: gradual elimination of the health contribution.**